

David D. Watson
23 Dartmouth Lane
Coto de Caza, CA 92679-5018
(949) 589-7421 Fax: (949) 459-7486
[E-Mail: davewatsonatcoto@cox.net]

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

2005 JUN 21 P 1: 48

To: The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue NW
Suite 2100
Washington, DC 20220

Subject: Tax Reform Proposal

Date of Submission: June 6, 2005

From: David D. Watson

Contact Information: 23 Dartmouth Lane
Coto de Caza, CA 92679-5018
Phone: (949) 589-7421
Fax: (949) 459-7486
E-Mail: davewatsonatcoto@cox.net

Submitter Category: Individual

*David D. Watson
23 Dartmouth Lane
Coto de Caza, CA 92679-5018
(949) 589-7421 Fax: (949) 459-7486
[E-Mail: davewatson@coto.net]*

Tax Reform Proposal

The President's creation of an Advisory Panel to study and recommend changes to the existing income tax structure is something that should have been done years ago. The current system is unmanageable and in some cases unfair to individuals and families that provide the financial support for our government.

Following is a proposal to change the tax methodology, reduce preparation and administrative costs and ensure fair taxation for all of our Nation's citizens. It's a modified flat tax proposal.


1. Adopt a flat tax based on a percentage of gross income somewhere between 15 and 20 percent.
2. Provide only the following deductions:
 - a. Individuals and families with incomes less than the "poverty line" (probably taxpayers earning between \$25,000 and \$30,000 annually) should be excluded from income taxes.
 - b. Mortgage interest and property taxes on only the residence of taxpayers should be deducted from taxable income.
 - c. Charitable contributions should continue to be tax deductible, however, there should be an upper limit for this deduction based on gross income (perhaps 10 percent of gross income).
 - d. Health care and health care insurance should be remain deductible after reaching a certain percentage of gross income (perhaps 10 percent).

*David D. Watson
23 Dartmouth Lane
Coto de Caza, CA 92679-5018
(949) 589-7421 Fax: (949) 459-7486
[E-Mail: davewatson@coto@cox.net]*

Comments:

- 1 Low-income individuals and families should not have the added burden of federal taxation on top of trying to support themselves, their families and paying other state and local taxes.
- 2 One of the greatest achievements of democracy as we know it is the pride of home ownership. It's one of the basic foundations of our country and we should continue to encourage home ownership by providing tax deductions for mortgage interest and taxes paid on the homes that our taxpayers live in.
- 3 Most charities provide a great service for people all over the world. Without charities, there is little doubt that millions of people throughout the world would suffer greatly. We must continue to promote individual charitable giving by providing at least some level of income tax relief. After all, much of the good work that charities provide reduces the need for financial assistance from the federal government.
- 4 Health care is an ever-increasing cost for individuals, corporations and the government. We must have a system in place to provide tax relief for catastrophic health care costs that are borne directly by taxpayers.

Thank you for your time, interest and effort in connection with studying and recommending changes to the income tax structure of our great country.



David D. Watson